

Annexure "A. 1"

CAPE WINELANDS DISTRICT MUNICIPALITY



CAPE WINELANDS DISTRICT
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**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE
FINANCIAL PERIOD 2017/2018 TO 2019/2020**

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PART 1

A: MAYORS REPORT

In preparing this budget, the input of all communities and stakeholders in the area of the Cape Winelands District Municipality, was taken into account as required by Chapter 5 of the Local Government Municipal Systems Act. Strategic alignment of the Cape Winelands IDP with the National Development Plan, Provincial strategic objectives, as well as the (Act no 32 of 2000), Cape 2040 vision guided us in the allocation of our available resources to achieve our goals in reducing poverty, unemployment and inequality within our region. The total proposed medium term revenue is therefore R 1, 308 billion to achieve this goal.

Cape Winelands District Municipality received a conditional grant in the amount of R1 000 000 through the Division of Revenue Act [DORA] from the Department of Public Works to create sustainable work opportunities for people in our area in the 2016/2017 financial year. This amount was also allocated for the 2017/2018 Financial year.

The Cape Winelands District Municipality achieved its second clean audit in the 2014/2015 financial year. I must commend the Municipal Manager, CFO, officials and councillors for their hard work to achieve this. Many people and organisations have complimented us on our achievements through the past four years. In creating a better environment for all our citizens, we were awarded runner-up for the greenest municipality in the province.

A major challenge facing our municipality is the implementation of the Municipal Standard Chart of Accounts (mSCOA). We have already started with this process and we are confident that this goal will also be achieved by the due date of 1 July 2017.

Despite the financial challenges encountered by all of the district municipalities in the country, our municipality is financially sound and sustainable, thanks to the financial stewardship of our council and administration.

SUMMARY OF THE BUDGET

The total operating and capital expenditure budget appropriation over the 2017/2018 to 2019/2020 MTREF illustrates as follows:

	2016/2017		2017/2018	2018/2019	2019/2020	Total MTREF
	R		R	R	R	R
Operating Expenditure	357 837 907		373 171 643	378 862 663	385 373 301	1 137 407 607
Project Expenditure	40 938 090		33 602 000	37 086 829	36 199 463	106 888 292
Sub Total	398 775 997		406 773 643	415 949 492	421 572 764	1 244 295 899
Capital Expenditure	11 783 917		27 272 344	16 224 400	20 466 200	63 962 944
Total Budget	413 171 073		434 045 987	432 173 892	442 038 964	1 308 258 843

The following cost containment measures were implemented:

- Reduced overseas and local travel
- Reduced catering at official functions and meetings
- Improved prioritisation of expenditure
- Heeding the guidelines of National Treasury Circulars numbers 74 and 75.
- Reduced travel and subsistence expenditure

Reflecting on the progress made by the DM thus far, I must compliment the Council for the manner in which it conducts its work, minding the ever present fact of savings in a tight economic climate.

FROM THE MAYOR'S DESK

1. MAYORAL BURSARY FUND

The fund aims to ensure the development of our youth in the Cape Winelands District by providing bursaries for tertiary education to students who would not otherwise have access to those institutions, thereby assisting the development of our community and improving the quality of life.

2. EXTERNAL RELATIONS:

The Cape Winelands District actively encourages the creation of co-operative partnerships and agreements with key stakeholders. This boosts knowledge sharing via best practices and stimulates our local economy. The objective is to create a better Cape Winelands District for all its citizens.

Our External Relations are focus-driven and project based, to ensure measurable outcomes. It is obvious that, as part of cost-containment, we need to know that the monies we spend bring about the appropriate benefits to our region.

Internationally, we enjoy the co-operation of the department of International Relations which assists in co-ordinating our projects to avoid duplication and unnecessary or wasteful expenditure.

We have a very active and positive working relationship with the local municipalities in our district. The district is also represented on various district, provincial and national forums where we meet and exchange information relating to the functioning of our municipality

3. BENEVOLENT FUND

The Benevolent fund aims to support the poorest of the poor in our communities. Due to the current economic climate an overwhelming number of applications is processed on a weekly basis.

CONCLUSION

This budget is the result of consultation with our community through the IDP process and the collective effort of all political parties represented in Council with the united aim of poverty reduction through sustained economic development and growth for all the people in the Cape Winelands District Municipality.

B: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted with the submission of the 2017/2020 MTREF.

C: EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process. The municipality strives to deliver sustainable services to its community without overburdening the consumers with excessive service fees with the key priority of government this year being a "back to basics" approach.

The ten highest risks identified by the strategic planning exercise and approved by Council can be summarised as follows:

Major Risk	Inherent Risk		
	Impact	Likelihood	Rating
Lack of resources	5	5	25
No Firewall security is in place	5	5	25
Not sufficient IP addresses	5	5	25
No ownership for password control	5	5	25
Lack of policies	5	5	25
Weaknesses in the environmental and physical controls	5	5	25
Misstatements in the Annual financial statements	4	5	20
Water quality in the district - river water	4	5	25
Workload on fire fighting vehicles,	4	5	20
Ageing vehicles exhausting maintenance budget.	4	5	20

For each of the above risk areas the municipality has put mitigating measures in place aligned to the specific department in the budget. These measures will be implemented over the MTREF period.

In addressing the key considerations contained in National Treasury's MFMA Circular 78, the following are highlighted in the budget:

- The municipality cut back on capital and operating expenditure related to the upgrading of rural roads (which is the property of the Provincial Government) to maintain accumulated reserves and ensure long term sustainability of the municipality
- Capital projects were spread out over the MTREF to avoid large fluctuations in spending and ensure that priority is given to projects with high importance
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality.
- The municipality recognizes the importance of cash reserves and therefore strives to maintain a current ratio of not lower than 2.1(Current Assets : Current Liabilities)

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/2017 Medium-term Revenue and Expenditure Framework:

OPERATING BUDGET:

Year	Expenditure	Income	Surplus(-)/Deficit
2017/2018	406 773 643	-406 773 643	0
2018/2019	415 949 492	-415 949 492	0
2019/2020	421 572 764	-421 572 764	0

CAPITAL BUDGET:

Year	Expenditure	Income	Surplus(-)/Devicit
2017/2018	27 272 344	-27 272 344	-
2018/2019	16 224 400	-16 224 400	-
2019/2020	20 466 200	-20 466 200	-

OPERATING BUDGET – REVENUE

The Cape Winelands District Municipality is reliant on Grant funding as its main source of revenue. This is as a result of the abolishment of the RSC Levies. National Treasury increases the RSC replacement grant with only 1.88%, 1.04% and 2.94% over the MTREF period.

The following table reflects the revenue sources for the 2016/2017 and 2017/2018 financial years:

Sources of Income	2016/2017	2017/2018	% Inc./-Dec
Ex Rev: Operational Revenue	-3 000,00	-	-100,00
Ex Rev: Rental Fixed Assets	-132 000,00	-131 000,00	-0,76
Ex Rev: Agency Services	-111 862 000,00	-119 566 843,00	6,89
Ex Rev: Sales Goods and Services	-697 800,00	-512 800,00	-26,51
Ex Rev: Service Charges	-	-100 000,00	100,00
Ex Rev: Int Divident Rent on Land	-48 000 000,00	-52 000 000,00	8,33
Non-Ex Rev:	-249 000,00	-250 000,00	0,40
Non-Ex Rev: Transfers & Subsidies	-229 319 197,00	-229 587 000,00	0,12
- RSC Replacement Grant	-216 780 000,00	-220 853 000,00	1,88
- Equitable Share	-4 090 000,00	-1 886 000	-53,89
- LG Finance Management Grant	-1 250 000,00	-1 250 000,00	-
- WC Finance Management Grant	-2 056 340,00	-240 000,00	-88,33
- CWDM Integrated Transprot Plan	-220 220,00	-900 000,00	308,68
- Community Development Workers	-117 504,00	-75 000,00	-36,17
- Audit	-25 526,00		-100,00
- Performance Management	-236 100,00		-100,00
- IDP Grant	-66 552,00		-100,00
- Human Capacity Dev. Grant	-60 000,00		-100,00
- DPSA Grant: Farm Dwellers	-33 955,00		-100,00
- Subs. DOW.: Hiring of Toilets	-700 000,00	-700 000,00	-
- Expanded Public Works Programme	-1 000 000,00	-1 000 000,00	-
- Rural Roads Asset Man, System (Dora)	-2 683 000,00	-2 683 000	-
Seta Refund	-271 000,00	-271 000	-
Working for Water	-4 399 000,00	-4 355 000,00	-1,00
Upgrade Rural Roads (DoT)	-4 513 000,00		-100,00
Contribution from Private Land Owners	-250 000,00		-100,00
Total	-399 695 997,00	-406 773 643,00	1,77

OPERATING BUDGET – EXPENDITURE

The table below illustrates the operating Expenditure for 2016/2017 and 2017/2018 financial years:

Expenditure Categories	2016/2017	2017/2018	% Inc./-Dec.
Employee Related Costs	181 007 151	201 306 372	11,21
Remuneration of Councillors	11 301 850	11 042 100	-2,30
Operational Cost	77 853 650	82 101 757	5,46
Contracted Services	74 197 802	68 790 261	-7,29
Interest Dividend Rent on Land	14 000	11 000	-21,43
Operating Leases	386 000	429 000	11,14
Bad Debt Written Off	3 127 665	2 476 000	-20,84
Depreciation and Amortisation	10 617 800	11 055 729	4,12
Inventory	33 070 079	21 291 424	-35,62
Transfers and Subsidies	7 663 000	8 250 000	7,66
Default	0	0	N/A
Gains and Losses	457 000	20 000	-95,62
Total	399 695 997	406 773 643	1,77

EMPLOYEE RELATED COST

Employee related costs Increased with 11.21% opposed to the budgeted increase of 7% due to the following:

- Vacant posts were only budgeted for the period that it will be filled in the 2016/2017 financial year. The same vacant posts have to be budgeted for the full 2017/2018 financial year to ensure funded positions should the posts be filled in the 2016/2017 financial year.

Remuneration of Councilors is budgeted for in terms of the Public Office Bearers Act and the approval of the MEC.

DEPRECIATION

Depreciation increased with 4.12% to make provision for depreciation related to new assets procured.

OPERATIONAL COST

The increase of 5.46% in Operational Cost is mainly due to the increase in petrol prices and the increases in municipal service accounts.

CAPITAL BUDGET

The capital budget increase from R11 783 917 in 2016/2017 to R 27 272 344 in 2017/2018.

The detail is reflected in Annexure "G".

This overall increase is due to the increased capital budget requested by the following directorates:

- Fire Service
- Technical and Roads Services

D: HIGH LEVEL 2017/2018 OPERATING BUDGET SUMMARY PER STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE	Income	Expenditure	-Surplus /Deficit
Community Development and Planning Services			
Regional Development and Planning	-4 782 000	25 869 539	21 087 539
Community & Developmental Services	-450 000	103 809 183	103 359 183
Rural & Social Development	-75 000	16 526 002	16 451 002
Total: Community Development and Planning Services	-5 307 000	146 204 724	140 897 724
Technical Services			
Engineering and Infrastructure	-5 418 000	50 236 931	44 818 931
Roads	-119 289 843	119 289 843	-
Total: Technical Services	-124 707 843	169 526 774	44 818 931
Financial, Strategic and Administrative Support Services			
Governance and Councillor Support	-53 886 000	31 496 954	-22 389 046
Office of the Municipal Manager	-	13 405 923	13 405 923
Corporate Services	-379 000	20 830 778	20 451 778
Financial Services	-222 493 800	25 308 490	-197 185 310
Total: Financial, Strategic and Administrative Support Servi	-276 758 800	91 042 145	-185 716 655
Total	-406 773 643	406 773 643	-

E: ANNUAL BUDGET TABLES

The following compulsory schedules will only be submitted to Council as soon as National Treasury has finalized the Budget Reporting Schedules.

Budgeted Financial Performance (Revenue and Expenditure by standard classification)	Table A2
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Budgeted Financial Performance (Revenue and Expenditure by standard classification)	Table A3
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Budgeted Financial Performance (Revenue and Expenditure)	Table A4
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Budgeted Capital Expenditure by vote, standard classification and funding	Table A5
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Budgeted Financial Position	Table A6
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Budgeted Cash flows	Table A7
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Cash backed reserves/accumulated surplus reconciliation	Table A8
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Asset Management	Table A9
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Basic Service Delivery Measurement	Table A10
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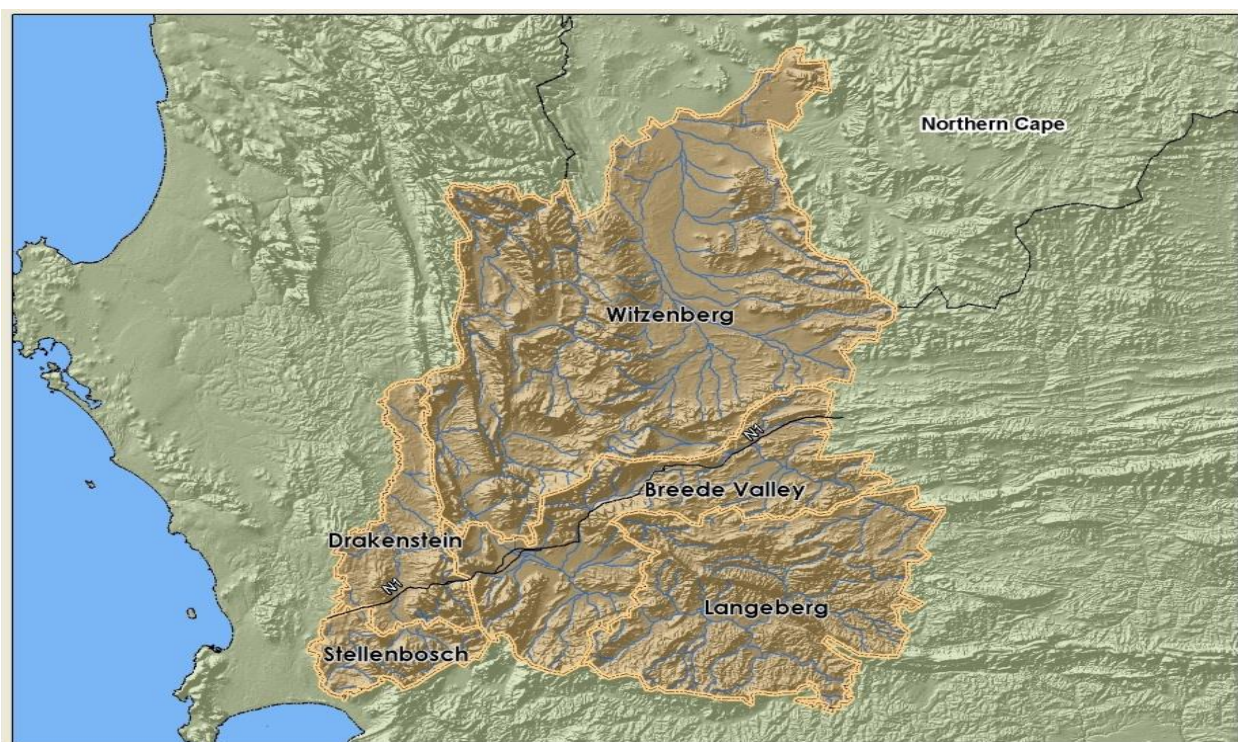
This table were not completed because council does not deliver these kind of services hence no information is also available to complete this table.

PART 2

A: OVERVIEW OF CAPE WINELANDS DISTRICT MUNICIPALITY

Background

The Cape Winelands District Municipality is situated in the Western Cape Province and is one of 44 district municipalities in South Africa. The Western Cape Province is located in the south-western tip of the African continent, bordering the Northern Cape in the north, the Eastern Cape in the east, the Atlantic Ocean on the west, and the Indian Ocean in the south. The province covers a geographical area of 129 370 km², constituting 10.6% of the total land area of the country.



The Cape Winelands district is situated next to the Cape Metropolitan area and encloses 22 309 km². It is a landlocked area in-between the West Coast and Overberg coastal regions. The district includes five local municipalities, namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg (formally known as Breede River/Winelands). The area is one of the “pearls” of South Africa’s rural and small-town sub-regions, but disparate with a relatively high and diverse level of development.

Economic Profile¹

The Cape Winelands District (CWD) economy is the largest non-metro district within the broader Western Cape Province economy. It contributes 11.7 per cent to Provincial GDP and 14.2 per cent to Provincial employment in 2015. The economic sectors that contributed the most to the Cape Winelands District’s economy in 2015 were the finance, insurance, real estate and business services sector; the manufacturing sector; and the wholesale and retail trade, catering and accommodation sector. The agriculture, forestry and fishing sector will continue to grow negatively in 2016 with an estimated average GDP growth rate of -13.3 per cent.

Growth in GDP performance

¹ Source: Municipal Economic Review and Outlook (MERO) 2016, Western Cape Provincial Treasury

The CWD experienced an average GDP growth rate of 3.6 per cent between 2004 and 2015. In 2015, the primary sector contributed 5.5 per cent to the GDP of the District while the secondary and tertiary sectors contributed 23 per cent and 71 per cent respectively to the GDP of the District.

Economic Sectors

The economic sectors that contributed the most to the CWD's economy in 2015 were:

- Finance, insurance, real estate and business services (23 per cent)
- Manufacturing (13.6 per cent)
- Wholesale and retail trade, catering and accommodation (19.7 per cent)

The agriculture, forestry and fishing sector and the manufacturing sector have been affected the worst in the District by the worsening economic conditions.

Employment

The agriculture, forestry and fishing sector; the mining and quarrying sector; and the manufacturing sector all shed jobs over the 10-year period between 2004 and 2015. The agriculture, forestry and fishing sector shed 42 377 jobs before the recession (2004 - 2008); 7 927 jobs shed during the recession (2008 - 2009); and was still shedding jobs after the recession (2009 - 2015). This indicates that it has not only been the recession and drought that has had an impact on the agriculture, forestry, and fishing sector, but the fact that the global financial recession started from 2007 which could have impacted local exports.

Top Companies

There are 39 top companies in terms of employment and contribution to GDP in the CWD. These include well-known brands such as KWV Holdings (Pty) Ltd, Parmalat, SASKO, KWV, Distell Limited, Parmalat Group, Rainbow Chicken, Coca-cola, Spier Wines (Pty) Ltd, Pioneer Foods; Tigerbrands, Rhodes Food; Ceres Fruit Juice; Ceres Food Growers; Ashton Canning, Spier Wines (Pty) Ltd, and Remgro Limited. Paarl Media has downscaled their operations within the CWD and have moved to Montague Gardens in Cape Town. Pioneer Foods have also downscaled their head office activities in Paarl and have located to Tygervalley.

International trade

Of the total exports in the CWD in 2015, 67 per cent included manufacturing products and 33 per cent included agriculture, forestry and fishing products. Of total imports in 2015, 68 per cent included mining and quarrying products, 25 per cent manufacturing.

There has been a continuous trade deficit in the mining and quarrying sector since 2005, which could be attributed to a combination of the global recession, slowdown of Chinese manufacturing, and the weakness of the commodity market due to currency fluctuations and inflation. The CWD's trade deficit has decreased from 2013 (-R27.4 billion) to 2015 (-R4.6 billion).

In summary

Apart from the challenges brought about by subdued commodity prices, a number of other challenges impact on the economy, such as the drought (causing increases in domestic food prices) and the currency depreciation, high inflation, and uncertainty in international markets (i.e. Brexit and the slowing down of the Chinese economy). South Africa could face another recession in 2017 if the economy does not improve.

Political Structure

Cape Winelands District Municipality is represented by 40 councillors. The Mayoral Committee consists of the Executive Mayor, the Deputy Executive Mayor and 7 councillors. The members of the Mayoral Committee and the Speaker are deemed to be full-time councillors. The situation is as follows:

Political Party	DA	SCA	ACDP	ANC	COPE	NPP
No. of Councillors	23	1	1	13	1	1

The table below presents the Mayco, Speaker and portfolios:

Portfolio	Name	Political Party
Executive Mayor	Cllr Ald. CA de Bruyn	DA
Deputy mayor	Cllr HM Jansen	DA
Speaker	Cllr C Meyer	DA
Engineering and Infrastructure Services	Cllr GJ Carinus	DA
Financial Management Services	Cllr Ald. (DR) NE Kahlberg	DA
Corporate and Human Resource Management Services	Cllr (Dr) H von Schlicht	DA
Social Development/Youth/Disabled	Cllr LX Mdemka	DA
Special Programmes	Cllr RB Arnolds	DA
Tourism and Planning Services	Cllr JJ du Plessis	DA

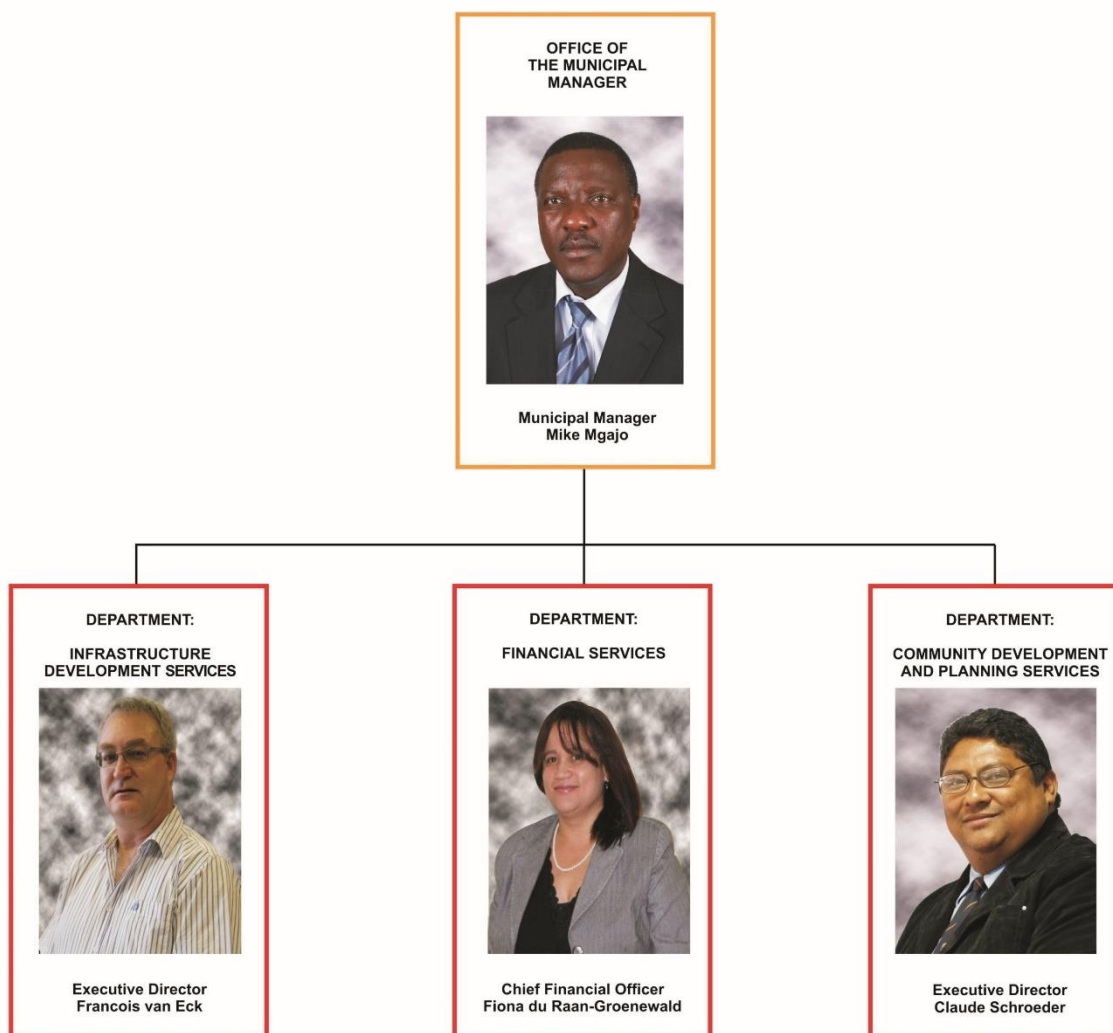
Technical and Agricultural Services	Cllr JRF Torr	DA
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Administration

The Development Priorities of the municipality as contained in the IDP cannot be achieved without people (human resources) and therefore the effective management of human resources makes a vital contribution to achieving these goals. The Cape Winelands District Municipality, through its salary budget, human resource management policies, practices, systems, etc. recognises that its employees are central in realising the vision and mission of the organisation.

There is, therefore, close alignment between the way in which the administration is structured and resourced through its operational and salaries budget, the IDP objectives and the performance targets of the municipality.

The figures below illustrate the macro-structure currently being implemented at the Cape Winelands District Municipality:



B: LEGISLATIVE ENVIRONMENT

Legal Requirements

The medium term revenue and expenditure framework for 2017/2018, 2018/2019 and 2019/2020 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 1996
- ii) the Local Government Transition Act, Act 209 of 1993
- iii) the Municipal Structures Act, Act 117 of 1998
- iv) the Municipal Systems Act, Act 32 of 2000
- v) the Municipal Finance Management Act, Act 56 of 2003

In addition to the above, the Municipal Budget and Reporting Framework as approved on 17 April 2009 gave a clear directive on the prescribed reporting framework and structure to be used.

Guidelines issued by National Treasury

National Treasury issued the following circulars regarding the budget for 2016/2017:

- MFMA Circular No. 85 Municipal Budget Circular for the 2017/2018 MTREF – 9 December 2016
- MFMA Circular No. 86 Municipal Budget Circular for the 2017/2018 MTREF – 8 March 2014

Other circulars used during the compilation of the budget:

- MFMA Circular No. 48 Municipal Budget Circular for the 2009/10 MTREF – 2 March 2009
- MFMA Circular No. 51 Municipal Budget Circular for the 2010/11 MTREF – 19 February 2010
- MFMA Circular No. 54 Municipal Budget Circular for the 2011/12 MTREF – 10 December 2010
- MFMA Circular No. 55 Municipal Budget Circular for the 2011/12 MTREF – 8 March 2011
- MFMA Circular No. 70 Municipal Budget Circular for the 2014/2015 MTREF – 4 December 2013
- MFMA Circular No. 72 Municipal Budget Circular for the 2014/2015 MTREF – 17 March 2014
- MFMA Circular No. 74 Municipal Budget Circular for the 2015/2016 MTREF – 12 December 2014
- MFMA Circular No. 78 Municipal Budget Circular for the 2016/2017 MTREF – 7 December 2015

Other Guidelines:

- National outcomes/priorities
- Headline inflation forecasts
- Revising rates, tariffs and other charges
- Funding choices and management issues
- Conditional transfers to municipalities
- Budget process and submissions for the 2016/17 MTREF
- Budget process and submissions for the 2017/18 MTREF

The guidelines provided in the above mentioned circulars, annexures and other economic factors were taken into consideration and informed budget preparation and compilation.

C: OVERVIEW OF ANNUAL BUDGET PROCESS**Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1. Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 21 July 2016.

2. IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

With the compilation of the 2017/2018 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear performance against the 2016/2017 Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme.

3. Community /Stakeholder Consultation

A full consultation process will be carried out during April 2017. During this process members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council end of May 2017.

D: OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN (IDP)

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

The aim of the 4th Generation IDP is to develop, coordinate and most important implement a coherent plan to improve the quality of life for all the people living in the Cape Winelands area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there

exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

More detail with regard to the alignment of the Annual Budget and IDP is provided in the attached 4th Generation IDP document which will be submitted to Council on 30 March 2017 as Annexure "E".

The strategic goals and resultant focus areas of the IDP are as follow:

Strategic Objective 1: Community Development and Planning Services

To create an environment and forge partnerships that ensures the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environmental and social infrastructure investment

- Provide a comprehensive and equitable Municipal health Service including Air Quality Management throughout the CWDM.
- Ensure coordination of multi-disciplinary and sectoral disaster risk reduction through integrated institutional capacity for Disaster Risk management, Disaster Risk Assessment and Response and Recovery.
- Effective planning and coordination of specialized fire-fighting services throughout the CWDM
- To facilitate environmentally sustainable economic development planning through the development and maintenance of strategic partnerships, investment attraction, retention and opportunities, SMME support and development, skills development and information knowledge.
- To facilitate, ensure and monitor the development and empowerment of the poor by graduating people out of poverty, social inclusion and improving the livelihood of the poor, vulnerable groups, rural farm dwellers and rural communities.

Strategic Objective 2: Technical Services

Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities Missions, Exhibitions and Trade Shows

- To comply with the administrative and financial conditions of the Western Cape Government roads agency function agreement.
- To implement sustainable infrastructure services.
- To increase levels of mobility in the whole of the CWDM area.
- To improve infrastructure services for rural dwellers.
- To implement an effective ICT support system.

Strategic objective 3: Financial, Strategic and Administrative Support Services

To provide an effective and efficient financial and strategic support services to the Cape Winelands District.

- To facilitate and enhance sound financial support services
- To strengthen and promote participative and accountable IGR and governance.
- To facilitate and enhance sound strategic support services

E: OVERVIEW OF BUDGET RELATED POLICIES

The following existing policies were reviewed to achieve Council's strategic goals. It will be available for public scrutiny at the Ceres, Paarl, Robertson, Stellenbosch and Worcester offices of Council on 30 March 2017. Only the Asset Management, Virement and Supply Chain Management Policy needed to be amended:

Existing Policies

Budget Policy

Cash Management and Investment Policy

Implementation of the Expanded Public Works Program (EPWP) Policy

Funding and Reserves Policy

Appointment of Consultants Policy

Mobile Device Policy

Official Vehicles and Fleet Management Policy

Preferential Procurement Policy

Virement Policy

Combatting Abuse of Supply Chain Management System Policy

Branding Policy

Leave and Unpaid Leave Policy

Asset Management Policy

Contract Management Policy

Private Work: Declaration of Interest; Code of Conduct for Supply Chain Management Practitioners and Role Players

Petty Cash Policy

Community Support Policy

Appointment of Consultants Policy

Branding Policy

Combatting Abuse of Supply Chain Management System Policy

Corporate Gifts Policy

Expenditure Management Policy

Grant in Aid Policy

Implementation of the Expanded Public Works Program (EPWP) Policy

Internship Policy

Inventory and Stock Management Policy

Leave and Unpaid Leave Policy

Long Term Financial Planning and Implementation Policy

Maintenance Management Policy

Overtime Policy

Preferential Procurement Policy

Revenue Management Policy

Sponsorships Policy

Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy

Unforeseen and Unavoidable Expenditure Policy

F: OVERVIEW OF KEY BUDGET ASSUMPTIONS

Municipalities' long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand and sound financial management of its resources on the other hand can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue streams, expenditure requirements and the financial implications for the community at large (i.e. the potential influence on rates, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions, programs, projects and sundry service delivery actions.

The following factors have been taken into consideration in the compilation of the 2017/2018 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for electricity, water and fuel; and
- The increase in the cost of remuneration

Salary Increases

Employee related costs were increased in accordance with the multi-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDP's provincial and national strategies around priority spatial interventions. Therefore the following national priorities form the basis of all integration initiatives:

- Creating opportunity for growth and jobs;
- Improve education outcomes and opportunities for youth development;
- Increase wellness, safety and tackle social ills;
- Enable a resilient, sustainable, quality and inclusive living environment; and
- Embed good governance and integrated service delivery through partnerships and spatial alignment.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link

between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

G: EXPENDITURE ON ALLOCATION AND GRANT PROGRAMMES

Refer to MBRR SA 19 .

H: ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Refer to MBRR SA 21 and Annexure “I”

I: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Refer to MBRR SA 23 and Annexure “F”

J: MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Refer to MBRR SA 25; SA 26; SA27; SA28; SA 29 and SA 30 and Annexure “A”

K: CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS

The municipality did not enter into agreements having future budgetary implications. Refer to MBRR 33.

L: DETAIL CAPITAL BUDGET 2015-2016

Refer to MBRR SA 35, MBRR SA 36 to be submitted as Annexure “G” at the Council Meeting on 25 February 2016.

M: LEGISLATION COMPLIANCE

Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

- Budget and Treasury Office
A Budget Office and Treasury Office have been established in accordance with the MFMA.
- Budgeting

The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.

- Financial reporting
The municipality is 100% compliant with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- Annual Report
The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- Audit Committee
An Audit Committee has been established and is fully functional.
- Service Delivery and Budget Implementation Plan
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2017/2018 MTREF in April 2016.
- MMC Training
Most of the senior, middle management and interns have attended the MMC Training (Municipal Minimum Competency Training) conducted by the School of Public Management and Planning (University of Stellenbosch).

N: OTHER SUPPORTING DOCUMENTS

Additional information/schedules in accordance with the budget and reporting regulations as listed below will be submitted to National Treasury. SA1 - Supporting detail to Budgeted Financial Performance:

SA2 - Matrix Financial Performance Budget (revenue source/expenditure type)

SA3 - Supporting detail to Budgeted Financial Position

SA4 - Reconciliation of IDP strategic objectives and budget (revenue)

SA5 - Reconciliation of IDP strategic objectives and budget (operational expenditure)

SA6 - Reconciliation of IDP strategic objectives and budget (capital expenditure)

SA7 - Measurable Performance Objectives Refer to the attached SDBIP document section 8

This SDBIP will only be signed after the approval of the 2015/2016 Budget

SA8 - Performance indicators and benchmarks

SA9 - Social, economic and demographic statistics and assumptions

SA10 - Funding measurement

SA11 - Property Rates Summary - Not applicable

SA12a- Property rates by category - Not applicable

SA12b- Property rates by category - Not applicable

SA13 Service Tariffs by category

- SA14 - Household bills - Not applicable
- SA15 - Investment particulars by type
- SA16 - Investment particulars by maturity
- SA17 - Not applicable
- SA18 - Transfers and grant receipts
- SA20 - Reconciliation of transfers grant receipts and unspent funds
- SA24 - Summary of personnel numbers
- SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- SA27 - Budgeted monthly revenue and expenditure (standard)
- SA28 - Budgeted monthly capital expenditure (municipal vote)
- SA29 - Budgeted monthly capital expenditure (standard)
- SA30 - Budgeted monthly cash flow
- SA31 - Not applicable
- SA32 - List of external mechanism
- SA34a- Capital expenditure on new asset class
- SA34b- Capital expenditure on the renewal of existing assets by asset class
- SA34c- Repairs and maintenance expenditure by asset class
- SA34d Depreciation by asset class
- SA35 - Future financial implications of the capital budget
- SA36 - Detailed Capital Budget
- SA37 - Not applicable

O: QUALITY CERTIFICATE

I..... Municipal Manager of Cape Winelands District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: _____

Municipal Manager of Cape Winelands District Municipality

Signature_____

Date_____